By: Ogden S.B. No. 1863

A BILL TO BE ENTITLED

1					AN	ACT					
2	relating	t	o cert	ain f	iscal	matters	af	fectin	.g	governme	ental
3	entities	•									
4	BE	IT	ENACTED	BY THE	E LEGISL	ATURE OF	THE	STATE	OF	TEXAS:	

- 5 ARTICLE 1. AUTHORITY OF LEGISLATURE TO TAKE
- 6 CERTAIN ACTIONS WITH RESPECT TO APPROPRIATED FUNDS
- SECTION 1.01. Notwithstanding any statute to the contrary, the legislature, in its discretion, may determine the amount of each appropriation of state funds. The amounts required by statute for entities that receive state funds under the General Appropriations Act, 79th Legislature, Regular Session, 2005, may be
- 12 reduced or eliminated in order to achieve a balanced budget.
- SECTION 1.02. This article expires September 1, 2007.
- 14 ARTICLE 2. REGISTRATION FEE FOR CERTAIN LOBBYISTS
- SECTION 2.01. Section 305.005(c), Government Code, is amended to read as follows:
- 17 (c) The registration fee and registration renewal fee are:
- 18 (1) \$100 for a registrant employed by an organization
- 19 exempt from federal income tax under Section 501(c)(3) or
- 20 501(c)(4), Internal Revenue Code of 1986; or
- (2) \$500 [\$300] for any other registrant.
- 22 SECTION 2.02. This article takes effect December 1, 2005.

ARTICLE 3. FEES FOR CERTAIN INSPECTIONS CONDUCTED 1 BY THE COMMISSION ON JAIL STANDARDS 2 SECTION 3.01. Section 511.0091, Government Code, is amended 3 by adding Subsection (c-1) and amending Subsection (d) to read as 4 5 follows: 6 (c-1) In addition to the other fees authorized by this section, the commission may set and collect a reasonable fee to 7 cover the cost of performing any reinspection of a municipal or 8 9 county jail that is conducted by the commission: (1) following a determination by the commission that 10 the jail is not in compliance with minimum standards; 11 12 (2) in response to a request by the operator of the 13 jail; and 14 (3) before the operator of the jail has taken actions 15 as necessary to ensure that the jail is in compliance with minimum standards. 16 17 (d) All money paid to the commission under this chapter is subject to Subchapter F, Chapter 404. Fees collected under 18 Subsection (c-1) shall be deposited to the credit of a special 19 account in the general revenue fund to be appropriated only to pay 20 21 costs incurred by the commission in performing services under this 22 section. SECTION 3.02. This article takes effect September 1, 2005. 23 24 ARTICLE 4. CERTAIN AUDITS OF STATE AGENCY EXPENDITURES

amended by adding Chapter 2115 to read as follows:

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SECTION 4.01. Subtitle C, Title 10, Government Code, is

Τ	CHAPTER 2115. RECOVERY OF CERTAIN STATE AGENCY OVERPAYMENTS								
2	Sec. 2115.001. DEFINITIONS. In this chapter:								
3	(1) "Overpayment" includes a duplicate payment made to								
4	a vendor for a single invoice and a payment made to a vendor:								
5	(A) when an available discount from the vendor								
6	was not applied;								
7	(B) for a late payment penalty that was								
8	<pre>improperly applied by the vendor;</pre>								
9	(C) for shipping costs that were computed								
10	incorrectly or incorrectly included in an invoice;								
11	(D) for state sales tax; or								
12	(E) for a good or service the vendor did not								
13	provide.								
14	(2) "State agency" means a department, commission,								
15	board, office, or other agency, including a university system or an								
16	institution of higher education other than a public junior college,								
17	<pre>that:</pre>								
18	(A) is in the executive branch of state								
19	<pre>government;</pre>								
20	(B) is created by statute; and								
21	(C) does not have statutory geographical								
22	boundaries limited to a part of the state.								
23	Sec. 2115.002. CONTRACT CONSULTANTS FOR RECOVERY AUDITS FOR								
24	CERTAIN OVERPAYMENTS. (a) The comptroller shall contract with one								
25	or more consultants to conduct recovery audits of payments made by								
26	state agencies to vendors. The audits must be designed to detect								
27	and recover overpayments to the vendors and to recommend improved								

- 1 state agency accounting operations.
- 2 (b) A contract under this section:
- 3 (1) may provide for reasonable compensation for 4 services provided under the contract, including compensation
- 5 determined by the application of a specified percentage of the
- 6 total amount recovered because of the consultant's audit activities
- 7 <u>or recommendations as a fee for services;</u>
- 8 (2) may permit or require the consultant to pursue a
- 9 judicial action in a court inside or outside this state to recover
- 10 <u>an overpaid amount; and</u>
- 11 (3) to allow time for the performance of existing
- 12 state payment auditing procedures, may not allow a recovery audit
- of a payment during the 180-day period after the date the payment
- 14 was made.
- (c) The comptroller or a state agency whose payments are
- 16 being audited may provide a person acting under a contract
- 17 authorized by this section with any confidential information in the
- 18 custody of the comptroller or state agency that is necessary for the
- 19 performance of the audit or the recovery of an overpayment, to the
- 20 extent the comptroller and state agency are not prohibited from
- 21 sharing the information under an agreement with another state or
- 22 the federal government. A person acting under a contract
- 23 authorized by this section, and each employee or agent of the
- 24 person, is subject to all prohibitions against the disclosure of
- 25 confidential information obtained from the state in connection with
- 26 the contract that apply to the comptroller or applicable state
- 27 agency or an employee of the comptroller or applicable state

- 1 agency. A person acting under a contract authorized by this section
- 2 or an employee or agent of the person who discloses confidential
- 3 information in violation of a prohibition made applicable to the
- 4 person under this subsection is subject to the same sanctions and
- 5 penalties that would apply to the comptroller or applicable state
- 6 agency or an employee of the comptroller or applicable state agency
- 7 <u>for that disclosure.</u>
- 8 Sec. 2115.003. STATE AGENCIES SUBJECT TO MANDATORY RECOVERY
- 9 AUDITS. (a) The comptroller shall require that recovery audits be
- 10 performed on the payments to vendors made by each state agency that
- 11 <u>has total expenditures during a state fiscal biennium in an amount</u>
- 12 that exceeds \$100 million. Each state agency described by this
- 13 subsection shall provide the recovery audit consultant with all
- information necessary for the audit.
- 15 (b) The comptroller may exempt from the mandatory recovery
- 16 audit process a state agency that has a low proportion of its
- 17 expenditures made to vendors, according to criteria the comptroller
- 18 adopts by rule after consideration of the likely costs and benefits
- of performing recovery audits for agencies that make relatively few
- or small payments to vendors.
- 21 Sec. 2115.004. PAYMENT TO CONTRACTORS. (a) A state agency
- 22 shall pay, from recovered money appropriated for the purpose, the
- 23 recovery audit consultant responsible for obtaining for the agency
- 24 a reimbursement from a vendor.
- 25 (b) A state agency shall expend or return to the federal
- 26 government any federal money that is recovered through a recovery
- 27 audit conducted under this chapter. The state agency shall expend

- S.B. No. 1863
- 1 or return the federal money in accordance with the rules of the
- 2 federal program through which the agency received the federal
- 3 money.
- 4 Sec. 2115.005. FORWARDING REPORTS. (a) The comptroller
- 5 shall provide copies, including electronic form copies, of any
- 6 reports received from a consultant contracting under Section
- 7 <u>2115.002 to:</u>
- 8 <u>(1) the governor;</u>
- 9 (2) the state auditor's office; and
- 10 (3) the Legislative Budget Board.
- 11 (b) The comptroller shall provide the copies required by
- 12 Subsection (a) not later than the seventh day after the date the
- 13 comptroller receives the consultant's report.
- 14 (c) Not later than January 1 of each odd-numbered year, the
- comptroller shall issue a report to the legislature summarizing the
- 16 contents of all reports received under this chapter during the
- 17 state fiscal biennium ending August 31 of the previous year.
- 18 SECTION 4.02. The comptroller shall adopt rules under
- 19 Chapter 2115, Government Code, as added by this article, in a timely
- 20 manner so that the comptroller may begin contracting with a
- 21 consultant under that chapter not later than January 1, 2006.
- 22 ARTICLE 5. FISCAL MATTERS
- 23 PERTAINING TO REGULATION OF OIL-RELATED AND GAS-RELATED ACTIVITIES
- SECTION 5.01. Section 81.0521(c), Natural Resources Code,
- 25 is amended to read as follows:
- 26 (c) The [Two-thirds of the] proceeds from this fee,
- 27 including any penalties collected in connection with the fee, shall

- S.B. No. 1863
- 1 be deposited to the <u>General Revenue Fund to be used for the</u>
- 2 administration of the state's oil and gas conservation laws
- 3 [oil-field cleanup fund as provided by Section 91.111].
- 4 SECTION 5.02. Section 81.0531(e), Natural Resources Code,
- 5 is amended to read as follows:
- 6 (e) A penalty collected under this section shall be
- 7 deposited to the credit of the <u>General Revenue Fund to be used for</u>
- 8 the administration of the state's oil and gas conservation laws
- 9 [oil-field cleanup fund].
- 10 SECTION 5.03. The heading to Subchapter E, Chapter 81,
- 11 Natural Resources Code, is amended to read as follows:
- 12 SUBCHAPTER E. FEES AND PENALTIES [TAX]
- SECTION 5.04. Section 81.112, Natural Resources Code, is
- 14 amended to read as follows:
- 15 Sec. 81.112. DISPOSITION OF <u>FEE AND PENALTY</u> [TAX] PROCEEDS.
- 16 (a) The fees and penalties collected or deposited under Sections
- 17 81.0521, 81.0531, 85.167, 85.2021, 85.381, 89.121, 91.1013,
- 18 91.261-91.264, and 91.459 of this code and under Section 27.0321,
- 19 Water Code, [tax] shall be deposited in the General Revenue Fund to
- 20 be used for the administration of the state's oil and gas
- 21 <u>conservation laws</u>.
- 22 (b) When the sum of the fees collected under Sections
- 23 <u>85.2021(a)</u> and (c) and 91.1013 of this code and under Section
- 24 27.0321, Water Code, exceeds \$7.5 million in a state fiscal year,
- 25 the amount in excess of \$7.5 million shall be transferred to the
- oil-field cleanup fund.
- 27 SECTION 5.05. Section 81.113, Natural Resources Code, is

- 1 amended to read as follows:
- 2 Sec. 81.113. USE OF FEE AND PENALTY [TAX] PROCEEDS.
- 3 Proceeds from the <u>fees and penalties collected or deposited under</u>
- 4 Sections 81.0521, 81.0531, 85.167, 85.2021, 85.381, 89.121,
- 5 91.1013, 91.261-91.264, and 91.459 of this code and under Section
- 6 27.0321, Water Code, [tax] shall be used for the administration of
- 7 the state's oil and gas conservation laws.
- 8 SECTION 5.06. The heading to Section 81.116, Natural
- 9 Resources Code, is amended to read as follows:
- 10 Sec. 81.116. OIL-FIELD CLEANUP [REGULATORY] FEE ON OIL.
- SECTION 5.07. Sections 81.116(a) and (b), Natural Resources
- 12 Code, are amended to read as follows:
- 13 (a) An oil-field cleanup [regulatory] fee is imposed on
- 14 crude petroleum produced in this state in the amount of
- 15 <u>thirteen-sixteenths</u> [five-eighths] of one cent on each barrel of 42
- 16 standard gallons.
- 17 (b) The fee is in addition to, and independent of any
- 18 liability for, the taxes imposed under [Section 81.111 of this code
- 19 and] Chapter 202, Tax Code.
- SECTION 5.08. The heading to Section 81.117, Natural
- 21 Resources Code, is amended to read as follows:
- Sec. 81.117. OIL-FIELD CLEANUP [REGULATORY] FEE ON GAS.
- SECTION 5.09. Section 81.117(a), Natural Resources Code, is
- 24 amended to read as follows:
- 25 (a) An oil-field cleanup [regulatory] fee is imposed on gas
- 26 initially produced and saved in this state in the amount of
- one-fifteenth of one cent for each thousand cubic feet.

- S.B. No. 1863
- 1 SECTION 5.10. Section 85.167(b), Natural Resources Code, is
- 2 amended to read as follows:
- 3 (b) Fees collected under this section shall be deposited to
- 4 the General Revenue Fund to be used for the administration of the
- 5 state's oil and gas conservation laws [oil-field cleanup fund].
- 6 SECTION 5.11. Sections 85.2021(a), (c), and (d), Natural
- 7 Resources Code, are amended to read as follows:
- 8 (a) With each application or materially amended application
- 9 for a permit to drill, deepen, plug back, or reenter a well, the
- 10 applicant shall submit to the commission a nonrefundable fee of:
- 11 (1) \$300 [\$200] if the total depth of the well is 2,000
- 12 feet or less;
- 13 (2) $\$350 \ [\$225]$ if the total depth of the well is
- 14 greater than 2,000 feet but less than or equal to 4,000 feet;
- 15 (3) $$400 \left[\frac{$250}{}\right]$ if the total depth of the well is
- greater than 4,000 feet but less than or equal to 9,000 feet;
- 17 (4) $$500 \left[\frac{$300}{}\right]$ if the total depth of the well is
- 18 greater than 9,000 feet.
- 19 (c) An applicant shall submit an additional nonrefundable
- fee of \$225 [\$150] when requesting that the commission expedite the
- 21 application for a permit to drill, deepen, plug back, or reenter a
- 22 well.
- 23 (d) All fees collected under this section shall be deposited
- in the General Revenue Fund to be used for the administration of the
- 25 state's oil and gas conservation laws [state oil-field cleanup
- 26 **fund**].
- 27 SECTION 5.12. Subchapter F, Chapter 85, Natural Resources

- 1 Code, is amended by adding Section 85.2022 to read as follows:
- 2 Sec. 85.2022. INACTIVE WELL FEE. (a) If two-thirds or
- 3 more of the wells of an operator with five or more wells have been
- 4 inactive for three years or more, the operator shall submit to the
- 5 commission a nonrefundable inactive well fee of \$100 for each well
- 6 that has been inactive for three years or more.
- 7 (b) The inactive well fee shall be paid annually at the time
- 8 <u>an operator's organization report is due.</u> An organization report
- 9 may not be approved until any inactive well fee due under this
- 10 section has been paid.
- 11 (c) All fees collected under this section shall be deposited
- in the oil-field cleanup fund.
- 13 SECTION 5.13. Section 85.381, Natural Resources Code, is
- 14 amended by adding Subsection (c) to read as follows:
- (c) Penalties collected under this section shall be
- 16 deposited in the General Revenue Fund to be used for the
- 17 administration of the state's oil and gas conservation laws.
- 18 SECTION 5.14. Section 89.121(b), Natural Resources Code, is
- 19 amended to read as follows:
- 20 (b) Civil penalties collected for violations of this
- 21 chapter or of rules relating to plugging that are adopted under this
- code shall be deposited in the General Revenue Fund to be used for
- 23 the administration of the state's oil and gas conservation laws
- 24 [state oil-field cleanup fund].
- 25 SECTION 5.15. Section 91.1013, Natural Resources Code, is
- 26 amended to read as follows:
- Sec. 91.1013. APPLICATION FEES. (a) With each application

- 1 for a fluid injection well permit, the applicant shall submit to the
- 2 commission a nonrefundable fee of \$300 [\$200]. In this section,
- 3 "fluid injection well" means any well used to inject fluid or gas
- 4 into the ground in connection with the exploration or production of
- 5 oil or gas other than an oil and gas waste disposal well regulated
- 6 by the commission pursuant to Chapter 27, Water Code.
- 7 (b) With each application for a permit to discharge to
- 8 surface water under this chapter and commission rules, other than a
- 9 permit for a discharge that meets National Pollutant Discharge
- 10 Elimination System requirements for agricultural or wildlife use,
- 11 the applicant shall submit to the commission a nonrefundable fee of
- 12 \$500 [\$300].
- 13 (c) Fees collected under this section shall be deposited in
- 14 the General Revenue Fund to be used for the administration of the
- 15 state's oil and gas conservation laws [state oil-field cleanup
- 16 fund].
- SECTION 5.16. Sections 91.111(b) and (c), Natural Resources
- 18 Code, are amended to read as follows:
- 19 (b) The commission shall certify to the comptroller the date
- on which the balance in the fund equals or exceeds \$20 million. The
- 21 oil-field cleanup [regulatory] fees on oil and gas shall not be
- 22 collected or required to be paid on or after the first day of the
- 23 second month following the certification, except that the
- 24 comptroller shall resume collecting the fees on receipt of a
- 25 commission certification that the fund has fallen below \$10
- 26 million. The comptroller shall continue collecting the fees until
- 27 collections are again suspended in the manner provided by this

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            (c) The fund consists of:
                     [penalties imposed under Section 85.381 for
 3
 4
     violation of a law, order, or rule relating to well plugging
 5
     requirements;
                 [\frac{(2)}{2}] proceeds from bonds and other financial
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 7
     assurances required by this chapter, subject to the refund
 8
     provisions of Section 91.1091;
                 <u>(2)</u> [<del>(3)</del>] private
                                                                 including
 9
                                          contributions,
     contributions made under Section 89.084;
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                 (3) [<del>(4)</del>] expenses collected under Section 89.083;
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                 (4) [<del>(5) fees imposed under Section 85.2021;</del>
12
                 [(6) civil penalties collected for violations of
13
     Chapter 89 or of rules or orders relating to plugging that are
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15
     adopted under this code;
                 [\frac{(7)}{1}] proceeds collected under Sections 89.085 and
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17
     91.115;
                 (5) [\frac{(8)}{(8)}] interest earned on the funds deposited in
18
     the fund;
19
                 (6) [<del>(9) fees collected under Section 91.104;</del>
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21
                 (10) civil penalties or costs recovered under Section
     91.457 or 91.459;
2.2
                 \left[\frac{(11)}{(11)}\right] oil and gas waste hauler permit application
23
24
     fees collected under Section 29.015, Water Code;
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                 (7) [<del>(12)</del>] costs recovered under Section 91.113(f);
                 (8) [(13)] hazardous oil and gas waste generation fees
26
     collected under Section 91.605;
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subsection.

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S.B. No. 1863
 1
                 (9) [(14)] oil-field cleanup [regulatory] fees on oil
     collected under Section 81.116;
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                 (10) [<del>(15)</del>] oil-field cleanup [<del>regulatory</del>] fees on
 3
 4
     gas collected under Section 81.117;
 5
                 (11) [<del>(16) fees for a reissued certificate</del>
 6
     under Section 85.167;
 7
                  [(17) fees collected under Section 91.1013;
 8
                  [<del>(18)</del>] fees collected under Section 89.088;
 9
                 (12) [(19) penalties collected under Section 81.0531;
                 [<del>(20)</del>] fees collected under Section 91.142;
10
                 (13) [\frac{(21)}{}] fees collected under Section 91.654;
11
                 (14) [\frac{(22)}{}] costs recovered under Sections 91.656 and
12
     91.657;
13
14
                 (15) fees collected under Section 85.2022;
15
                 (16) amounts transferred to the fund under Section
16
     81.112;
                  [(23) two-thirds of the fees collected under Secti
17
     <del>81.0521;</del>] and
18
                 (17) \left[\frac{(24)}{}\right] legislative appropriations.
19
            SECTION 5.17. Section 91.112, Natural Resources Code, is
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21
     amended by adding Subsection (c) to read as follows:
            (c) Not more than 10 percent of the money expended from the
22
     fund in any state fiscal year may be used to pay the expenses of
23
24
     administering the fund during that state fiscal year.
25
            SECTION 5.18. Section 91.142, Natural Resources Code, is
     amended by adding Subsections (i) and (j) to read as follows:
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(i) If an entity does not pay to the commission the fee

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- S.B. No. 1863
- 1 required by Subsection (g) on or before the fifth business day after
- 2 the due date as determined by the commission, the commission shall
- 3 suspend the organization report of the entity until the entity pays
- 4 to the commission the fee required by that subsection and a penalty
- 5 in an amount equal to the fee.
- 6 (j) All fees and penalties collected under this section
- 5 shall be deposited in the oil-field cleanup fund.
- 8 SECTION 5.19. Section 91.264(c), Natural Resources Code, is
- 9 amended to read as follows:
- 10 (c) A penalty collected under this section shall be
- 11 deposited in the General Revenue Fund to be used for the
- 12 administration of the state's oil and gas conservation laws [to the
- 13 credit of the oil-field cleanup fund account].
- 14 SECTION 5.20. Section 91.459(c), Natural Resources Code, is
- 15 amended to read as follows:
- 16 (c) Any penalties or costs recovered by the attorney general
- 17 under this subchapter shall be deposited in the General Revenue
- 18 Fund to be used for the administration of the state's oil and gas
- 19 conservation laws [oil-field cleanup fund].
- SECTION 5.21. Section 27.0321, Water Code, is amended to
- 21 read as follows:
- Sec. 27.0321. APPLICATION FEE. (a) With each application
- 23 for an oil and gas waste disposal well permit, the applicant shall
- 24 submit to the railroad commission a nonrefundable fee of \$300
- [\$100].
- 26 (b) All fees collected under this section shall be deposited
- in the General Revenue Fund to be used for the administration of the

- 1 state's oil and gas conservation laws.
- 2 SECTION 5.22. Section 81.111, Natural Resources Code, is
- 3 repealed.
- 4 SECTION 5.23. Section 112.155(a), Tax Code, is amended to
- 5 read as follows:
- 6 (a) The amount of a judgment for the plaintiff shall be
- 7 credited against any tax, penalty, or interest imposed by this
- 8 title [or by Section 81.111, Natural Resources Code,] and due from
- 9 the plaintiff.
- 10 SECTION 5.24. Section 322, Texas Probate Code, is amended
- 11 to read as follows:
- 12 Sec. 322. CLASSIFICATION OF CLAIMS AGAINST ESTATES OF
- 13 DECEDENT. Claims against an estate of a decedent shall be
- 14 classified and have priority of payment, as follows:
- 15 Class 1. Funeral expenses and expenses of last sickness for a
- 16 reasonable amount to be approved by the court, not to exceed a total
- of Fifteen Thousand Dollars, with any excess to be classified and
- 18 paid as other unsecured claims.
- 19 Class 2. Expenses of administration and expenses incurred in
- 20 the preservation, safekeeping, and management of the estate,
- 21 including fees and expenses awarded under Section 243 of this code.
- Class 3. Secured claims for money under Section 306(a)(1),
- 23 including tax liens, so far as the same can be paid out of the
- 24 proceeds of the property subject to such mortgage or other lien, and
- 25 when more than one mortgage, lien, or security interest shall exist
- 26 upon the same property, they shall be paid in order of their
- 27 priority.

- S.B. No. 1863
- Class 4. Claims for the principal amount of and accrued
- 2 interest on delinquent child support and child support arrearages
- 3 that have been confirmed and reduced to money judgment, as
- 4 determined under Subchapter F, Chapter 157, Family Code.
- 5 Class 5. Claims for taxes, penalties, and interest due under
- 6 Title 2, Tax Code; Chapter 8, Title 132, Revised Statutes; [Section
- 7 81.111, Natural Resources Code; the Municipal Sales and Use Tax
- 8 Act (Chapter 321, Tax Code); Section 451.404, Transportation Code;
- 9 or Subchapter I, Chapter 452, Transportation Code.
- 10 Class 6. Claims for the cost of confinement established by
- 11 the institutional division of the Texas Department of Criminal
- 12 Justice under Section 501.017, Government Code.
- 13 Class 7. Claims for repayment of medical assistance payments
- 14 made by the state under Chapter 32, Human Resources Code, to or for
- 15 the benefit of the decedent.
- 16 Class 8. All other claims.
- 17 SECTION 5.25. This article takes effect September 1, 2005.
- ARTICLE 6. WAIVER OF AND SUPPLEMENTAL HEALTH COVERAGE FOR STATE
- 19 EMPLOYEES
- SECTION 6.01. Section 1551.104(a), Insurance Code, is
- 21 amended to read as follows:
- 22 (a) Subject to Sections 1551.101 and 1551.102, each
- 23 full-time employee is covered automatically by the basic coverage
- 24 plan for employees and each annuitant is covered by the basic
- 25 coverage plan for annuitants unless:
- 26 (1) participation is specifically waived as provided
- 27 by Section 1551.1045;

- 1 (2) the employee or annuitant is expelled from the
- 2 program under Section 1551.351; or
- 3 (3) eligibility is otherwise limited by this chapter.
- 4 SECTION 6.02. Subchapter C, Chapter 1551, Insurance Code,
- is amended by adding Section 1551.1045 to read as follows:
- 6 Sec. 1551.1045. WAIVER. (a) Subject to Subsection (b), an
- 7 <u>employee or annuitant may waive in writing any coverage provided</u>
- 8 under this chapter.
- 9 (b) To waive coverage under the basic coverage plan, a
- 10 <u>full-time employee must demonstrate</u>, in the manner required by the
- 11 board of trustees, that the employee is covered by another health
- 12 benefit plan that provides substantially equivalent coverage, as
- determined by the board of trustees, to the coverage provided by the
- 14 basic coverage plan.
- SECTION 6.03. Subchapter E, Chapter 1551, Insurance Code,
- 16 is amended by adding Sections 1551.221 and 1551.222 to read as
- 17 follows:
- 18 Sec. 1551.221. OPTIONAL SUPPLEMENTAL HEALTH COVERAGE FOR
- 19 INDIVIDUALS ELIGIBLE UNDER TRICARE MILITARY HEALTH SYSTEM. (a)
- The board of trustees shall offer, as an optional coverage under the
- 21 group benefits program, a supplemental health coverage program.
- (b) Under the supplemental health coverage program, an
- 23 employee who is eligible to participate in the group benefits
- 24 program and who is also eligible for benefits under the TRICARE
- 25 Military Health System may elect to receive primary coverage under
- 26 the TRICARE Military Health System. An employee participating in
- 27 the supplemental health coverage program does not receive basic

- 1 coverage through the group benefits program, but receives
- 2 supplemental health coverage under this section.
- 3 <u>(c) The cost of supplemental health coverage provided under</u>
- 4 this section may be paid in the same manner as the cost of other
- 5 optional coverage is paid under Subchapter G.
- 6 (d) The board of trustees shall contract to purchase the
- 7 <u>supplemental health coverage in accordance with Sections</u>
- 8 1551.213-1551.216.
- 9 <u>(e) The board of trustees may adopt rules to implement this</u>
- 10 section.
- 11 Sec. 1551.222. INCENTIVE PAYMENTS. (a) The board of
- 12 trustees may allow an incentive payment under this section to an
- 13 employee who elects to:
- 14 (1) waive coverage under the basic coverage plan for
- employees as provided by Section 1551.1045(b); or
- 16 (2) participate in the supplemental health coverage
- 17 program under Section 1551.221.
- (b) The incentive payment authorized by this section is in
- 19 the amount authorized by the General Appropriations Act and may be
- 20 used by the employee, in the manner prescribed by the board of
- 21 trustees, only to pay for other group coverage plans provided under
- 22 the group benefits program, including the supplemental health
- 23 coverage offered under Section 1551.221.
- (c) The board of trustees, at the time of initial enrollment
- in the group benefits program and during subsequent open-enrollment
- 26 periods, shall inform employees that they may make an election
- 27 described by Subsection (a), if eligible, and receive any

- 1 authorized incentive payment.
- 2 SECTION 6.04. Subchapter G, Chapter 1551, Insurance Code,
- 3 is amended by adding Section 1551.324 to read as follows:
- 4 Sec. 1551.324. REDUCTION IN CONTRIBUTION FOR CERTAIN ACTIVE
- 5 EMPLOYEES; INCENTIVE PAYMENTS. (a) Notwithstanding any other
- 6 provision of this subchapter, the state contribution for an
- 7 employee's coverage under this chapter may be reduced, as provided
- 8 in the General Appropriations Act, to reflect the reduced cost of
- 9 coverage for:
- 10 (1) an employee who elects to receive supplemental
- 11 health coverage under the program established under Section
- 12 1551.221; or
- 13 (2) an employee who elects to waive basic coverage as
- 14 provided by Section 1551.1045(b).
- (b) Instead of the full state contribution for an employee
- 16 who makes an election described by Subsection (a), the state may
- 17 contribute, as specified by the General Appropriations Act, an
- amount for the incentive payment authorized by Section 1551.222.
- 19 ARTICLE 7. EFFECTIVE DATE
- SECTION 7.01. Except as otherwise provided by this Act,
- 21 this Act takes effect immediately if it receives a vote of
- two-thirds of all the members elected to each house, as provided by
- 23 Section 39, Article III, Texas Constitution. If this Act does not
- 24 receive the vote necessary for immediate effect, except as
- otherwise provided by this Act, this Act takes effect on the 91st
- 26 day after the last day of the legislative session.